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SECOND CLASS

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August 7, 1989

Wal-Mart Goes Coast to Coast

California Beckons as Next Port of Call

Sam's Plans 1990 Debut In Six States

BENTONVILLE, Ark. — Sam's Wholesale Club plans to enter Iowa and expand its presence in North Carolina and Wisconsin as part of its drive to become a multi-unit operation in as many states as possible.

The six Sam's planned for the three states are among the more than two dozen units the Wal-Mart division is due to open during 1990 and 1991 (see DSN, July 3, page 1). This expansion will mark Sam's debut in five states besides Iowa in 1990: Pennsylvania with 10 units including three in the Philadelphia market; New York with

(Continued on page 83)

Wal-Mart Attacks on the Western Front



With its new DC scheduled to open this fall in Loveland, Colo., Wal-Mart expects to serve its new California stores and is poised to thrust into the Rocky Mountain states as well.

By Arthur Markowitz
BENTONVILLE, Ark. — Wal-Mart will open its first three stores in California next year as it slowly and steadily marches across the country.

The company will also open three more regional distribution centers—one targeted to serve stores in Western states—in 1990 to bring to 15 its total number of DCs.

The DCs supply over 75 percent of the merchandise sold by Wal-Mart, providing vital support for the chain's race with Target to become the second national discounter after K mart. K mart already has stores in all the 48 contiguous states.

Target has about one-quarter of the number of Wal-Mart units, but that chain is already in 29 states, 20 that also include Wal-Marts.

California will become the 26th state in which Wal-Mart

has stores. Its three units will be in central California in Stockton and Elk Grove (110,000 square feet each) and Madera (99,500 square feet).

The move into California is a natural expansion from Arizona and New Mexico, where the discounter presently has stores, said Donald G. Soderquist, vice chairman and chief operating officer.

"Our expansion plan is to grow from where we already have stores, ultimately going into all the states," he added.

Wal-Mart executives declined to comment on future growth plans for California or the other states where it doesn't have discount stores.

The company has already opened about 50 Wal-Marts this year, all in states where it currently has stores.

Wal-Mart's California move became known when the

(Continued on page 83)



With \$820 million in sales last year, BJ's turned a \$4 million loss into an \$11 million operational profit in 1988. (DSN photo)

BJ's Plans Club Expansion To Secure Northeast Hold

NATICK, Mass. — BJ's Wholesale Club plans to open six stores by the end of next year, five of which will be in the chain's Northeast home market which is being assaulted by four other membership warehouses.

BJ's in the next few months

will open stores in North Dartmouth, Mass., Milford, Conn., and Edison, N.J., along with a store in the Sunrise suburb of Fort Lauderdale, Fla.

The other two BJ's will open next year in Bedford, N.H., and Ocean Township, N.J. The

(Continued on page 86)

Dayton Hudson Unloads Lechmere Target Parent Unlikely to Use Proceeds to Purchase Caldor

By Richard C. Halverson
MINNEAPOLIS — Dayton Hudson won't use the \$350 million or so it will get for selling its Lechmere chain to buy Caldor for a swift expansion of Target into the Northeast.

At least that's how retail analysts view Dayton Hudson's announcement last month that it has reached a definitive agreement to sell the 29-unit Lechmere chain, in a leveraged buyout, to Berkshire Partners, a Boston investment group.

Lechmere management, including chairman and chief executive officer George Scala, will receive an undisclosed equity share of the business. That word came a month after May Department Stores put Caldor and Venture on the block (see DSN, July 17, 1989, page 1).

Following the Lechmere

announcement, Salomon Brothers analyst Bruce Missett reiterated in an investment advisory his belief that D-H won't bid for either Caldor or Venture.

Missett estimated that Lechmere will fetch between \$300 million and \$350 million, (Continued on page 81)

Lechmere

Chairman, CEO: George Scala
Headquarters: Woburn, Mass.
No. of Stores: 29
1988 Sales: \$769 million
Operating Profits: \$22 million

Source: Dayton Hudson

Heck's Sees Light at End Of Bankruptcy Tunnel

NITRO, W.Va. — Heck's faces one last hurdle before emerging from Chapter 11 bankruptcy and expects to clear that by mid-August.

The hurdle is a Bankruptcy Court stipulation that it must secure an \$8 million line of credit, said chief financial officer Maarten Hemsley. Heck's is confident that it will succeed because the Hallwood Group, New York merchant bankers that have been aiding Heck's, has agreed

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MARKETWATCH

K mart Names Parker to New Sales Post

TROY, Mich. — K mart has created the new position of vice president, sales, to strengthen its in-store merchandising endeavors. In a rare move, the discounter went outside the company to fill the senior management position. William H. Parker, formerly senior vp and general merchandise manager of Carson Pirie Scott, was named to the post, which oversees all store sales promotion and sales support activities. Parker reports to William D. Underwood, senior vp, general manager. Reporting to Parker are Norm Roberts, director of sales support, and David Schubie, director of merchandise coordination.



PACE Tests All Paid Member Program

AURORA, Colo. — PACE is testing a paid membership-only program at its Cathedral City, Calif., wholesale club to see whether such a plan will result in higher sales. Paid members tend to shop more often and buy more merchandise, a PACE spokeswoman said. The Cathedral City store has about 19,000 paid members. Group members, who don't pay any fee for their membership, can become paid Premier members by paying a \$25 yearly fee. Group members, who don't become Premier members, can still shop at PACE's other stores.

10,000 Homes Plug into Gateway Service

HOUSTON — Southwestern Bell has signed up its 10,000th subscriber to SourceLine, its videotex gateway venture just two months after launching the shopping and information service in Houston. SourceLine, which is accessed through either a personal computer or a dedicated U.S. Videotel terminal, is one of four gateways launched by regional telephone companies. The others are Nynex's INFO-LOOK, Bell Atlantic's Gateway and US West's Community Link.

HQ Office Supplies Exchanges Warrants

LONG BEACH, Calif. — HQ Office Supplies raised about \$12.3 million from the redemption of 99.8 percent of its outstanding Class B warrants. An earlier redemption of Class A warrants raised \$6.6 million. The office supply chain, with six stores in Southern California and one in Las Vegas, will use the funds to open eight more units this year in California, Arizona, Washington and Oregon.

Closer and Closer to DAT

NEW YORK — Digital audio tape hardware producers and U.S. recorded music industry associations have signed an agreement that may have the long-awaited DAT recorder on the U.S. market in time for Christmas. The agreement stipulates that while DAT owners will be able to make tapes from any digital source, the resulting tapes will not be reproducible digitally.

Cohoes' Creditors Reject Burlington Bid

NEW YORK — Cohoes Specialty Stores' creditors committee has rejected Burlington Coat Factory's proposal to acquire Cohoes' remaining assets. The creditors said the deal would have provided them with virtually no return—unsecured creditors would have received only 1 percent to 2 percent of their claims. Cohoes' next move isn't known, but it could still try to get the Federal Bankruptcy Court to approval sale of three Cohoes to Burlington. Burlington has already purchased Cohoes' inventory for \$3.2 million and has been running liquidation sales at three of the five Cohoes.

FOR THE RECORD

Dollar General's sales for the 12 months ended Jan. 31, 1989, were \$612,986,000, a 4.3 percent increase over \$587,687,000 in the 12-month period ended Jan. 31, 1988. DSN's list of the top 150 discount chains incorrectly estimated Dollar General's sales for calendar year 1988.

The page 1 story in DSN's July 3 issue outlined numerous achievements of Wal-Mart Stores as among the reasons the retailer has been named Retailer of the Decade. Several of the statements about Wal-Mart were attributed to "industry analysts and observers." The comments should have been specifically attributed to Bernard Sosnick of Deutsche Bank Group and Jack Seibald of Salomon Brothers, two retail analysts and experts on Wal-Mart. DSN's special full-issue study of Wal-Mart, including original and exclusive consumer research, will appear in the Dec. 18 issue.

G.I. Joes Crosses Border; Opens 1st Wash. State Unit

WILSONVILLE, Ore. — G.I. Joes, the regional discount chain based here, has opened its first store outside of Oregon in nearby Vancouver, Wash.

The new store is the chain's 12th overall and is actually located in an area that is considered part of the Portland, Ore., Standard Metropolitan Statistical Area despite its

Washington state address. G.I. Joes already operated six stores in the greater Portland area prior to this opening.

The new 55,000-square-foot Vancouver store is the first of two to open during this year. In October, the chain expects to open a store in Albany, Ore., and next year G.I. Joes will enter Washington's Puget Sound area with stores in both

Puyallup and Federal Way.

According to the retailer, the new Vancouver store's primary focus is on automotive and sporting goods products. However, the store's mix also includes athletic shoes and clothing, hardware, gardening, housewares and home electronics. The chain expects to post sales in excess of \$125 million this year.

Kohn Steps Down as Stuarts Prez; Poor Health Forces Advisory Role

HOPKINTON, Mass. — Harry Kohn Jr., president and chief executive officer of Stuarts Department Stores since 1987, will not be returning to active management at the company following a heart attack he suffered in mid-April.

Marc Ostrow, chairman of Stuarts, will assume Kohn's responsibilities until a replacement is found. Kohn will officially cease management of the chain Sept. 1, but will continue to be a company advisor until a replacement has been hired and trained.

Speaking of Kohn, Ostrow said, "He is doing well right now, but his doctors have advised against returning to work at this time."

Ostrow said he will work with a three-man management committee consisting of Earl Spokane, chief financial officer; David Ferguson, senior vice president, stores; and Anthony Cincotta, senior vp, merchandising, marketing and sales, to ensure that the chain is run smoothly until a replacement has been found. A new president should be named well before the end of the year, Ostrow said.

Kohn told DSN that his plans for the future include "consulting and advising other retail and manufacturing businesses." He hopes to find opportunities on various boards of directors after his work with Stuarts



Harry Kohn Jr. presided over the grand opening of Stuarts' newest store in New Bedford, Mass., in March. (DSN photo)

is completed in September.

Kohn said his most significant and fulfilling impact on retailing stemmed from training other people. "The greatest pleasure for me in retailing was in the accomplishment of those people who I've helped to train and develop... people who have worked for me and who have moved ahead."

Under Kohn's direction, Stuarts opened two highly profitable stores and closed two unprofitable units; two other units, formerly Mars locations, are slated to open during the first week of August. Eleven stores were remodeled to conform to a new chain prototype while Kohn was in charge.

Kohn came to the regional discount chain in February of

1987 after serving as president of Bradlees for nearly four years. He came to Bradlees, the Braintree, Mass.-based discounter in 1978 as vice president and general merchandise manager and was promoted to executive vp before he was named president in 1983.

His career also includes apparel posts and ultimately senior vice president with Abraham & Strauss, from 1962 to 1978, and Marlboro Shirt Co., a Baltimore-based men's wear manufacturer, from 1955 to 1962. Kohn, now 62, first entered retailing after college when he joined Lazarus Department Stores. He began work at store level in 1948 and worked his way up to men's wear buyer by 1955.

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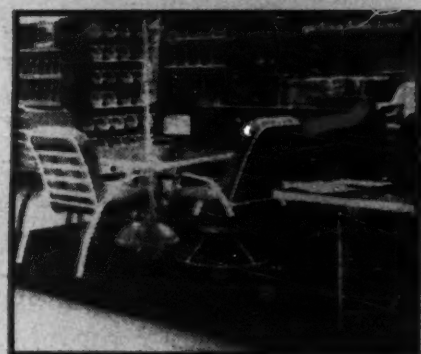
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EDITORIAL

Retailer Apathy Turns Off Consumers

Economic indicators. Everyday there is constant barrage of statistics—the GNP, inflation, housing starts, consumer spending, and on and on. Then to complicate matters and confuse everyone there is endless rhetoric about how this data will impact the economy in the next quarter. This plethora of comments from economists and analysts have suggested doom, gloom and boom. And that's what's mindboggling. There are more opinions about the threat of a recession than there are opinions about the Pete Rose controversy!

For the past several months, attention has been focused on the debate over whether or not the United States is headed for a serious recession this fall or in early 1990. And, one of the most often asked questions is about the economy. In fact, the question was posed to me a few weeks ago by a top ceo at one of the nation's largest retailers.

At first, I cringe when someone asks, "So, Tony, what's business going to be like this fall?" But, since *DSN* monitors the data and our editors closely follow the industry, I figure why not add my opinion to the list!

So, I answered (and all of sudden I felt like I was talking in a slow, deep monotone voice), "Well, I was never overly concerned about a recession, but I am becoming nervous about a decline in consumer spending . . ."

The retailer sat back in his chair and responded that he was

also concerned about a sharp decline in consumer spending but for a different reason. He was concerned not because consumers have less money to spend, but because they are simply not spending.

"Why," I asked. He answered that there is nothing exciting for them to buy.

Now that's a scary scenario. An apathetic consumer!

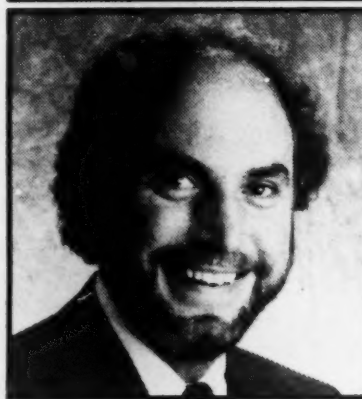
Well, is this just another opinion? Who do you believe?

How do you plan and budget accurately for the holiday season and the coming year? No doubt it's a difficult problem. No retailer wants to be stuck with excessive inventories. No retailer can afford excessive markdowns. No retailer can allow apathy to destroy their business.

Most retailers are afraid to gamble and, therefore, take a conservative approach. "Cautious optimism" is all you ever hear and I'm sick of it.

Is it possible that this conservative attitude has created apathy among customers? Is it also possible that apathy among retailers has created apathy among customers?

If there is truth in this hypothesis, the challenge for retailers and vendors as well is to stimulate a renewed interest in shopping. New and exciting products combined with creative and aggressive merchandising will help stimulate sales. One thing is certain: Apathy cannot be tolerated in retailing.



TONY LISANTI
Editor

WASHINGTON REPORT

National Health Insurance Is Faulty Medicine

Senator Ted Kennedy, D-Mass., and other advocates of federally mandated health insurance benefits for workers make a pretty good case for this kind of legislation.

At least they make a good case for some type of new government initiative to protect families and the economy from the potentially devastating cost of health care.

The problem they seek to correct is certainly serious. Some 40 million American employees and their dependents are not covered by health insurance of any kind.

Given the cost of health care today, a single serious illness could financially wipe out any one of these uninsured families in short order.

To combat this problem, Kennedy's proposal would require employers to offer paid health insurance benefits to workers. Under the approach sought by Kennedy and others, discounters and other businesses over a certain size would be expected to offer a minimum package of benefits, including coverage of hospital and medical costs, prenatal and well-baby care, mental health treatment and catastrophic expenses.

If your chain already offers health insurance benefits to employees, Kennedy's scheme may not sound bad at all. In-

deed, you might reason, a mandated health insurance law would prevent cheapskate competitors who don't offer such benefits to their workers from gaining an edge on your chain.

Stop right there, though. There are more than a few problems with Sen. Kennedy's plan.

First off, it's expensive. According to some estimates the kind of coverage Kennedy proposes could run as much as \$2,000 a year for a family policy.

More importantly, it wouldn't just apply to full-time employees. Employers would have to offer full benefits to part-timers who work as little as 17½ hours per week.

As a result, it could raise the cost of employing part-time employees as much as 60 percent!

Discount retailers have come to rely heavily on part-time workers to meet store staffing needs. By the same token, women with family responsibilities, students, and others unable to accept full-time jobs depend heavily on part-time employment.

If Sen. Kennedy's mandated health plan is enacted, many if not most of these part-timers will find themselves literally priced out of the job market. They can't afford that, and neither can our economy.



KEN RANKIN

IMRA PRESIDENT'S CORNER

Check Your Calendar for Our Fall Conferences

With the middle of summer upon us and most people thinking about vacations, IMRA and its steering committees are in the process of finalizing programs for our fall conference program.

With two returning conferences and one brand new conference, this fall promises to be an exciting one for the industry.

IMRA will kick things off with the Loss Prevention Auditing & Shortage Control Conference at the Westin Oaks in Houston. This conference, beginning September 10, has grown in stature over the years and, with the able assistance of chairman Richard Laucks of ShopKo and board liaison Peter Hollis of Ames, this year's conference looks stronger than ever.

Highlighted by a keynote address by Hollis, the conference also welcomes back Jack Shewmaker to discuss "Discount Retailing in the '90s." Other major programs will be given by R. Keegan Federal Jr., addressing "Legal Challenges Facing Loss Prevention Executives" and Bonnie Rack speaking on "Substance Abuse in the Workshop."

Less than two weeks later, IMRA will hold the Financial and MIS Conference at the Hyatt Regency in San Francisco.

Highlights of the conference include Jack Shewmaker again, this time speaking on the topic of "Managing Change."

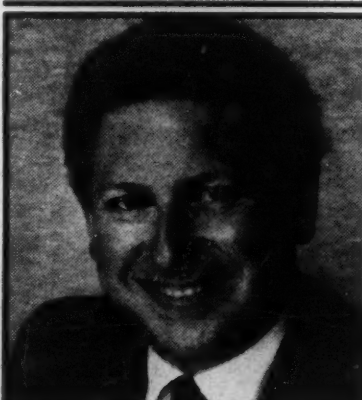
John Phipps of Touche Ross will address the topic "Systems for the 1990s—Survival and Success." This will be followed later with a session on the latest in direct profit profitability (DPP), also presented by Touche Ross.

One of the general sessions will welcome Professor Milton Bergstein of The Pennsylvania State University dealing with "Leadership Skills." His challenging and thought-provoking presentation will make you all look at how you view others in the framework of both business and personal lives.

Our eighth yearly conference will be held for the first time in Dallas at the Grand Kempinski Hotel from Nov. 29 to Dec. 1. Under the guid-

ance of IMRA chairman William Atkinson, the committee has worked long and hard to make the initial conference something special. Complete information on this conference will be in the mail soon and you can expect the same high quality, issue-oriented program for which IMRA is famous.

For further information on any of the conferences, call Debra Dohnert at IMRA's New York office: (212) 354-6600.



RICHARD HERSH

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We welcome our readers' views, whether pro or con. Letters to the editor should be addressed to: Editor, Discount Store News, 425 Park Ave., New York, NY 10022.

Study: Hardware Holds Untapped Potential

Nationwide DSN Report

A consumer study of 15 departments of a discount store showed that hardware offers some surprising growth potential if discounters invest in improving the depth and quality of their assortments.

The study reveals that the spending inclination of consumers on hardware supplies is relatively high compared to other merchandise categories, but discount store customers do not view the current offerings at discount department stores as being competitive with other retailers that sell the same products.

Hardware falls into a group of merchandise categories, along with women's clothes, and auto supplies and accessories, that the survey identifies as having moderate growth potential. These departments trail high growth potential categories, like toys, house-

department store for some of their purchases. The average percentage of discount shoppers for all 15 departments in the survey was 57 percent.

However, the study shows that discounters need to entice those customers who are buying hardware to spend more money at their stores.

Last year, only 15 percent of the dollars spent on hardware by discount store customers was spent at a discount store. That figure ranked ninth of the 15 departments studied. By comparison, discount stores garnered over 40 percent of the total dollars spent by shoppers who bought toys and housewares.

Consumers were also asked whether they expected to buy more or less products from each of the 15 departments in the survey. Hardware, with 22 percent of respondents expecting to spend more at a dis-

Growth Potential in Hardware Percent of hardware consumers...

Who expect to buy more from a discount store:

22%

Who expect to buy less from a discount store:

18%

Share of hardware dollars spent at discount stores:

15%

Percent of hardware consumers who purchased from a discount store:

58%

Source: Leo J. Shapiro & Assoc.

wares, H&BA and stationery. But hardware appears to be a better candidate for growth than "mature" departments like sporting goods, electronics, cameras and accessories, and men's clothes, where there was no inclination among customers to increase spending and a high tendency for customers to shift spending to other types of retailers.

The study, based on telephone interviews with 900 households across the nation, found that 58 percent of consumers who purchased some hardware supplies in the past year bought at least some of their hardware at a discount department store.

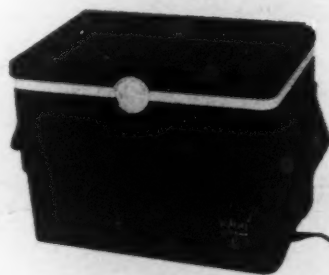
That's not bad compared to the other departments. For example, only 40 percent of consumer electronics purchasers and 39 percent of men's apparel buyers used a discount

count department store, showed a relatively strong potential for sales growth. However, discounters will have a tough time cultivating that potential if they don't change consumers' views of their hardware departments.

Asked to grade each department based on their experience in purchasing merchandise at discount stores and other types of retailers, consumers gave discounters' hardware departments a mediocre score of 6.15 on a scale of 1 to 9, with 9 meaning it's the "best" place to make their purchase. Of the 15 departments, hardware ranked 10th in this measure of competitiveness. In all, 15 percent of hardware purchasers said the discount store's hardware department was the "best" place to shop for hardware supplies.

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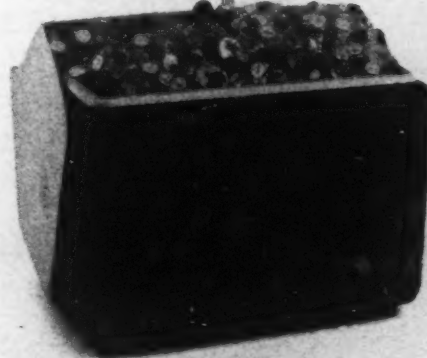
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Study: Hardware Holds Untapped Potential

(Continued from page 57)

Regionally, discount stores in the Midwest attracted the highest percentage of hardware shoppers. Nearly 70 percent of hardware purchasers who live in the Midwest bought some supplies at a discount store, compared to 58 percent in the South, 53 percent in the East and only 47 percent in the West.

The survey, conducted by Leo J. Shapiro & Associates, Chicago, also found that Midwest shoppers spent a higher percentage of their hardware dollars at discount stores. An average of 22 percent of their hardware purchases was made at discount stores. Shoppers in the South spent 17 percent of their hardware dollars at discount stores; in the West, 12 percent; and in the East, 10 percent.

When asked what discount stores could do to spur them to spend more money at that type of store, hardware customers listed "lower prices," "better quality," and "better variety" equally as the three major changes they would like to see.

Discount store hardware customers tend to be slightly younger and a bit more affluent than the overall survey respondents. They have a mean age of 39.1 years and a mean annual household income of \$34,100. As could be expected, a high percentage of discount store hardware customers are male, 59.1 percent, higher than any other department in the store.

By comparing the demographic characteristics of hardware customers who expect to buy more from a discount store next year to those who plan to spend the same or less, it appears the prime prospects are younger, make less money, have more kids, tend to be white collar workers, and are more apt to be female than the ones who are not inclined to spend more.

Those inclined to increase

spending average 36.5 years of age, compared to 40.7 years for the other group. Their average annual household income is \$32,700 nearly \$2,000 less than the average of those who don't expect to increase their spending in discount stores. Thirty-four and a half percent of the inclined to buy group have children, vs. 29.3 percent of those not inclined to buy; and 62.7 percent of the chief breadwinners of the buying group are white collar workers vs. 53.5 percent of the non-buyers.

Significantly, 43.2 percent of the hardware customers who are likely to spend more at a discount store next year are female, compared to 40.9 percent of the customers who expect to spend the same or less.

Despite the modest growth

Hardware customers noted that 'lower prices, better quality, and better variety' would be the three major changes that would spur them to spend more money in hardware departments.

potential foreseen in the study, few discounters are attempting to capitalize on hardware in a big way.

In rating hardware against all other departments of the store, the study shows that the discount industry's three largest chains have failed to impress customers with their hardware offerings.

At Wal-Mart, customers gave hardware supplies a rating of 100, equal to the average rating of all departments in the store. At K mart, hardware garnered a 97 rating, slightly less than the average of all 15 departments surveyed. And, at Target, hardware captured a rating of only 63, suggesting a much poorer departmental performance than other merchandise categories.

SPARC Banquet to Honor Top Discounter, Vendors

(Continued from page 57)

In addition to the 20 vendor awards by retail category, a special "Vendor of the Year" award will be presented to Dan Ferguson, vice chairman and ceo of Newell Cos. The multi-product line vendor was selected by a committee of discount retailers as the supplier that best demonstrated all the attributes that contribute to the success of its customers.

The SPARC Awards Committee is chaired by Gene O'Donnell, senior vp and general merchandise manager, Hills Department Stores. The committee is composed of:

• Carl Schwartz, gmm, hard lines vp, Fishers Big Wheel;

- Mary Schwartz, vp, gmm, soft lines, domestics, Consolidated Stores;
- Warren Feldberg, exec vp, merchandising, Target;
- Dave Dibble, senior vp, gmm, Wal-Mart;
- William Rokoff, vp, gmm, soft lines, jewelry, shoes and domestics, Makro;
- Tom Kiley, senior vp, gmm, hard lines, Jamesway;
- Les Dietzman, exec vp, merchandising, Ames;
- Richard Hersh, president, International Mass Retail Association.

ABC News sports correspondent Dick Schaap will be guest speaker at the dinner, which is sponsored by DSN.

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BJ's Plans Expansion To Secure Stronghold in Northeast

(Continued from page 1)
five stores should raise the chain's Northeast count to 21.

The expansion denotes the strong commitment being made to the wholesale club by Waban Inc., the firm that was spun off from Zayre Inc. in June to become the parent of two membership warehouse formats, BJ's and HomeClub, a home center chain.

Waban's backing for BJ's reflects the membership warehouse's improved performance over the past two years, when the number of units reached the critical mass to reportedly become profit-

able on an operational basis. Waban's spin-off from Zayre and its support for BJ's should put to rest trade reports, never confirmed, that the membership warehouse was a potential takeover candidate.

While Zayre and Waban haven't broken out BJ's financial performance, the chain's sales are estimated to have jumped about 42 percent from about \$575 million in 1987 to approximately \$820 million last year. At the same time a \$4 million operational loss was turned into about an \$11 million operational profit in 1988.

The operational profit turn-

around reflected the higher volume being generated by the average BJ's. That figure went from \$34.8 million to \$38.8 million last year, Jack D. Seibald, a Salomon Bros. security analyst estimated in his initial report on Waban. BJ's sales per average store, he estimated, lagged behind two of its key Northeast competitors, Price Club at \$113.1 million and Sam's Wholesale Club at \$41.7 million. BJ's was just ahead of another competitor, PACE, at \$37.2 million.

Waban is acting to enhance BJ's presence in the New England/Middle Atlantic states

area—where the chain has 16 of its current 22 stores—as Sam's prepares to invade the Northeast this fall with its first two units. The duo set for New Jersey will be the kickoff for at least a 21-store Sam's thrust by the end of 1991 that is part of that wholesale club's plan to become the first national membership warehouse (see DSN, July 3, page 1).

PACE, meanwhile, this fall will open two stores in Philadelphia as it presses deeper into the Northeast from the Baltimore/Washington area where it already has three units, with more due. Price

Club and Makro also plan to augment their presence in the Northeast with at least one and three units, respectively. Those moves will give Price Club and Makro at least four stores each in the region, with more to come. Rapid growth in the Northeast is in the works for both chains.

While other wholesale clubs are acting to establish a base in the Northeast, BJ's expansion is designed to buttress the critical mass it has started to establish in eight of the 10 states in the region.

The BJ's in North Dartmouth, a suburb of New Bedford, will give the chain five stores in Massachusetts, while the Milford and Bedford units will boost the chain's count to two each in Connecticut and New Hampshire. The Edison and Ocean Township stores will give BJ's four in New Jersey.

In Florida, the Sunrise unit will raise BJ's count to three in the Greater Miami/Fort Lauderdale market.

BJ's and the four other membership warehouses project opening a total of at least 33 stores in the Northeast by 1991. That mass of units will result in highly competitive situations in several markets.

The Greater Philadelphia area, for example, is set to become a major wholesale club battleground. As PACE opens there, it will find a Makro in the suburb of Langhorne, Pa., and BJ's with a unit in Philadelphia and another in nearby Maple Shade, N.J. And, Sam's plans to open three in Philadelphia by 1991.

BJ's proposed Edison, N.J., unit will go up against a Price Club there.

BJ's current stores face competition from future Sam's units in Albany and Rochester, N.Y., and Wilmington, Del., and from Makro's planned Hartford, Conn., unit.

Overall, BJ's projected 21 Northeast stores will be matched by Sam's, which plans to open the same number in the region by 1991.

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